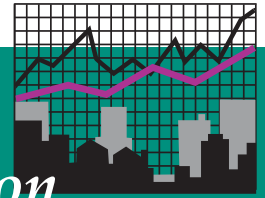




Commercial TRENDS Boston



2nd Half 2002 Issue 7

Department of Neighborhood Development - Policy Development & Research Division - City of Boston - Thomas M. Menino, Mayor

In Focus Special: Boston Main Streets Districts

Registry Problems Delay Data

Staff and budget cuts at our state's Registries of Deeds, coupled with brisk housing sales and refinancings resulting from low interest rates, have created a significant backlog. Real estate sales data just now trickles in for December 2002. Therefore, CTB will provide end of 2002 citywide commercial sales data in a special publication in the near future.

Special Focus: Boston Main Streets Districts

This issue provides our annual focus on the City's Main Streets districts with results of recent lease rate surveys. Choice locations in burgeoning neighborhoods often get leased with little notice. Contacting the Executive Directors of the Main Streets districts may be the best means of securing the right property for your business. CTB Issue 7 provides a complete list of contact information by Main Streets district.

Main Streets Retail Lease Rates Stay Stable

Our recent survey shows that Main Streets districts' retail lease rates have held their own during the recession. This is a significant finding considering that throughout Boston, many of the "secondary" retail areas have seen rents fall and vacancies increase. One explanation is that the Main Streets program is helping residents realize the value of a lively commercial area. As a grassroots movement bringing together business and property owners with residents, neighborhood customers have more of a stake in seeing their businesses succeed.

The range of lease rates presented in the following table provide a benchmark for business owners looking for very good locations. Of course, some rents may be higher or lower than these ranges. For example, choice locations are garnering \$51/s.f. in both Mission Hill and Hyde/Jackson Square, even though the reported lease ranges are \$20 to \$40/s.f. for Mission Hill and \$20 to \$25 in Hyde/Jackson.

Send Us Your Data

The R&D Unit is interested in your rental data. Help us stay current. Our goal is to include all Boston Main Streets and commercial districts. We'd like to narrow the ranges presented here so businesses have the most accurate rent information. Call Keith Kuzmin at 635-0340 or send a fax: 635-0262 or email: kkuzmin.dnd@ci.boston.ma.us

**Table 1: Boston Main Streets
- Retail Lease Trends**

	2000	2001	2002	2003
Allston Village	\$18	\$18 to \$24	\$24 to \$40	\$16 to \$50
Bowdoin/Geneva	\$7 to \$12	\$12	\$11 to \$14	\$11 to \$14
Brighton	\$8 to \$17	\$20 to \$25	\$28 to \$38	\$22 to \$30
Centre/South Main St.		\$18 to \$35	\$20 to \$38	\$25 to \$38
Chinatown	N.A.	\$18 to \$25	\$35 to \$45	\$35 to \$45
Dudley Square	\$15 to \$25	\$16.75 to \$25	\$18 to \$28	\$17 to \$27
East Boston	\$15 to \$25	\$20 to \$25	\$21 to \$25	\$19 to \$27
Egleston Square			\$12 to \$25	\$12 to \$25
Fields Corner			\$14 to \$18	\$14 to \$18
Four Corners	\$5 to \$15	\$10 to \$14	\$12 to \$25	\$12 to \$25
Grove Hall	\$9 to \$16	\$20 to \$24	\$15 to \$25	\$15 to \$25
Hyde Park	N.A.	\$18	\$16 to \$24	\$11 to \$18.50
Hyde/Jackson Sq	\$15 to \$18	\$18 to \$20	\$20 to \$36	\$20 to \$25
Mission Hill	\$15 to \$25	\$19 to \$23	\$17 to \$25	\$20 to \$40
Roslindale Village	\$12 to \$15	\$15 to \$18	\$14 to \$20	\$16 to \$18
St. Mark's	\$12 to \$17	\$15 to \$20	\$13 to \$20	\$12 to \$15
Upham's Corner	\$8 to \$15	\$17.50	\$8 to \$19	\$15 to \$19
Washington Gateway	\$16 to \$27	\$25 to \$33	\$28 to \$31	\$28 to \$35
West Roxbury	N.A.	\$17 to \$27	\$14 to \$28	\$15 to \$28

* Retail rates are *triple-net*, meaning the merchant is responsible for all operating, tax, & maintenance expenses. Further, retailers typically pay for all build-out costs.

Source: Main Streets Executive Directors & Local Real Estate Companies

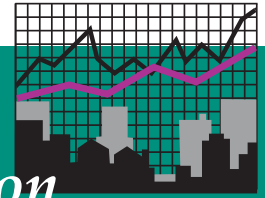
Office Space Maintains Solid Occupancy

Boston's Main Streets districts typically contain more retail than office space. Office space usually comes in the form of 2nd or 3rd floor locations with retail on the first floor. These spaces can be ideal for professional practices providing medical, legal, or business services. Main Streets office space also can be optimal for nearby institutions and businesses that need space for business processing functions but who do not want to build or buy new capacity.

The big news in office leasing comes from the Central Business District, rather than from the Main Streets. There, vacancies have continued to advance while prices are in retreat. With thousands laid off from the financial and professional service sectors, there is little anticipation that new hires will drive demand for office space anytime soon. One risk for Main Streets district office space is the so-called "Flight to Quality". Many institutions that are weathering the recession well are taking advantage of low Class A office lease rates (\$40 to \$52/sf) and up-grading their locations. While some Class A buildings have been constructed in Main Streets districts, most of this office space is rated in the Class B or C categories



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**Table 2: Boston Main Streets Districts
– Office Lease Trends***

	2000	2001	2002	2003
Allston Village	N.A.	\$19	\$19	\$19
Bowdoin/Geneva	N.A.	N.A.	\$11 to \$14	\$11 to \$14
Brighton	\$16	\$15 to \$20	\$15 to \$25	\$18 to \$25
Centre/South Main St.	N.A.	\$12 to \$25	\$15 to \$25	\$20 to \$25
Chinatown	N.A.	N.A.	\$20	\$20
Dudley Square	N.A.	\$25 to \$32	\$15 to \$35	\$15 to \$31
East Boston	\$9 to \$13	\$10 to \$15	\$12 to \$15	\$12 to \$14
Egleston Square	N.A.	N.A.	\$9 to \$25	\$15 to \$24
Fields Corner	N.A.	N.A.	\$12 to \$14	\$12 to \$14
Four Corners	N.A.	N.A.	\$10.50 to \$16	\$11 to \$20
Grove Hall	\$7 to \$12	\$22	\$22	\$22
Hyde Park	N.A.	N.A.	\$14	\$14
Hyde/Jackson Sq	N.A.	N.A.	\$14 to \$16	\$18 to \$20
Mission Hill	N.A.	N.A.	\$20	\$20 to \$26
Roslindale Village	N.A.	N.A.	\$7 to \$12	\$10 to \$13
St. Mark's	N.A.	\$12 to \$20	\$13 to \$20	\$14 to \$16
Upham's Corner	N.A.	\$8.80 to \$9.25	\$6 to \$12	\$5 to \$15
Washington Gateway	N.A.	\$18 to \$27	\$21 to \$29	\$21 to \$29
West Roxbury	N.A.	N.A.	\$12 to \$24	\$15 to \$17

* Office lease rates are typically *gross*, meaning that landlords include in the asking price both build-out and utility expenses.

Source: Main Streets Executive Directors & Local Real Estate Companies

It's All Happening in the Main Streets Districts

Lots of good things are happening in Boston's Main Streets districts and lots of opportunities are available. In the St. Mark's Area Main Streets, on Dorchester Avenue in Dorchester, construction is slated to begin this summer on undeveloped land in the heart of the district. The multi-use or part commercial and part residential building offers excellent retail space on the street level (with 14 apartments on the 2nd and 3rd floors). And with additional parcels just off Dorchester Avenue soon to be developed, population density and spending power increase.

The Washington Gateway district has doubled the amount of commercial space on its section of Washington Street over the past five years. Here, the Economic Restructuring Committee has identified home furnishings as a cluster to build upon, leading to the arrival of four new furnishing stores, with two more in the pipeline. Further, design assistance is being extended to twelve existing businesses. Currently, there are approximately 15,000 s.f. of new or renovated commercial space for lease.

In the East Boston Main Streets district, retail spaces are usually rented before there is a chance to put a sign in the window. Roslindale Village, which continues to enhance its image as a

dining out area, is pursuing two significant projects that will shape the Village's future. Plans are materializing for renovation and use of the long abandoned MBTA power station in the heart of Roslindale Square. Additionally, Main Streets personnel are working hard to effect a favorable outcome in the parcel formerly occupied by Ashmont Discount.

The Bowdoin/Geneva district has recruited a new business, Computers for All, offering a multitude of programs and services for both businesses and residents. West Roxbury actively pursues a new tenant for the Decelle's building, located in the heart of the district. The clothing store's owner, Burlington Coat Factory, is closing all Decelles nationwide.

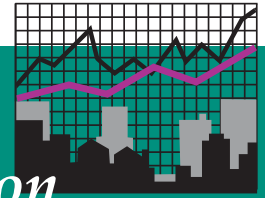
In Allston Village, facelifts continue with six new façade renovations and more awning and signage projects in the pipeline. Additionally, the district has organized the Brighton Allston Networking Group including Brighton Main Streets, Allston Brighton CDC, Allston Board of Trade, and Brighton Board of Trade. The purpose of the group is providing stakeholders an opportunity to network with other stakeholders and crossmarket their businesses.

Next door, Brighton has achieved the status of "A destination" as quoted in a recent edition of BOSTON Magazine. The recent endeavors of the Brighton Main Streets program have paid off, with enhancements such as 25 new storefront facades (including 2 major historic renovations), over 4 million dollars of combined public and private investments, trolley track removal, new sidewalks, plantings and murals. One of the newest developments includes 470 Washington Street, in a prime location just past Oak Square. Located in a densely populated residential area and within walking distance from St. Elizabeth's Medical Center, this property with 1,000 sf to 9,000 sf rentals features onsite parking and great visibility.

Centre/South district (Jamaica Plain) has seven storefront improvement projects taking place. This area has welcomed five new businesses in just the last three months. Vacancies here turn over fast. Just up Centre St. in JP, lots of activity is taking place in the Hyde/Jackson Sq. Main Streets district. Two new cafes are slated to open soon and three new commercial spaces with prime locations have come on-line. Further, a developer has purchased the long undeveloped plot across from the Mozart Park, in the heart of the district.



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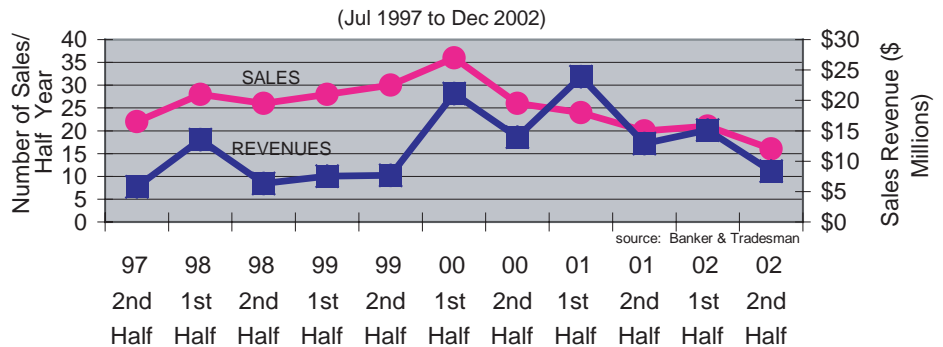


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Nine newly renovated storefronts at Erie and Washington Streets have helped the Four Corners district (Dorchester) attract six new businesses. Additionally, Boston's Department of Neighborhood Development is moving forward with the disposition of an 18,000 sf building (i.e., New Market) that has been vacant for years. The project will bring two significant businesses to the neighborhood: a mid-sized, locally owned grocery store and a start up business that caters to families and children. Also, Four Corners Main Streets personnel are lobbying for a new commuter rail stop in the Four Corners district that will enhance customer traffic.

Figure 1: Main Streets Districts Sales



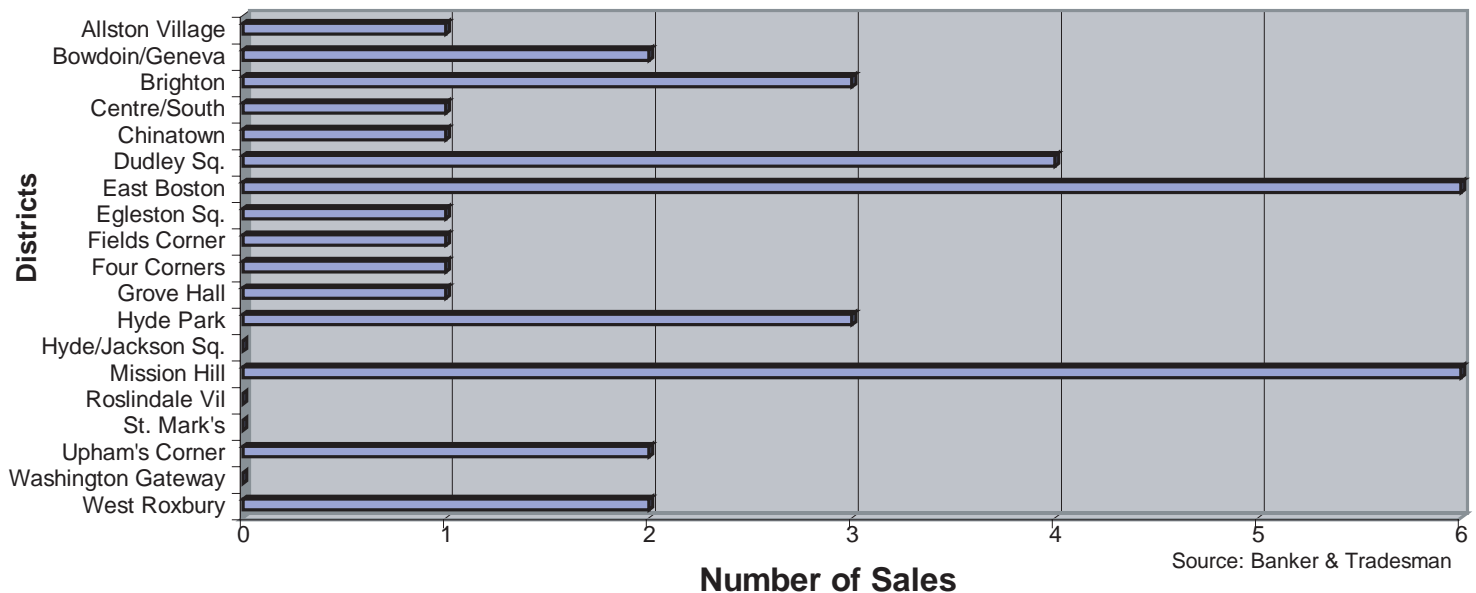
\$22.9 Million in 2002 Main Streets Building Sales Recorded So Far

From the best information currently available to our source, Banker & Tradesman, 37 buildings within Main Streets Districts sold for a total of \$22,926,800 in 2002. The 21 buildings sold in the first half of 2002 contained a total of 133,453 square feet. With a total value \$15,106,800, the price per square foot was \$113.20/sf. In the second half of 2002, 16 buildings totaling 157,683 were sold for a total of \$8,358,000 or \$53/sf.

The median price for the first half of 2002 is \$500,000, a jump in value over the \$397,500 median price recorded in the 2nd half of 2001. Calculated from second half 2002 data available so far, the median price slipped back to \$345,000.

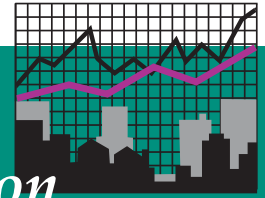
Seven commercially zoned vacant lots sold in Main Streets Districts during 2002. Totalling 32,700 square feet, the \$1,343,000 sales value results in a \$41.07 per square foot sales price for the year. Two parking lots also sold in Main Streets Districts. The combined area of 10,470 square feet sold for \$74.98 per square foot.

Figure 2: 2002 Building Sales in Main Streets Districts





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Main Streets Districts Have It All

Many quality locations for office or retail businesses, are found in Boston's Main Streets Districts. The following table reports on current vacancies, while pending vacancies are often known only by professionals active in the commercial district. Main Streets executive directors are some of the best contacts; they can be reached via the information provided below. Get to know these professionals to find out other locations that may be available for leasing in the near future

Figure 3: Median Sales Prices - Main Streets Properties



Table 3: Leasing Main Streets Commercial Space

Main Streets District	Retail Vacancy (sq. feet)	Office Vacancy (sq. feet)	M. S. District Manager	Telephone	Email
Allston Village	13,000	2,000	Jennifer Rose	617.254.7564	avmainst@allstonvillage.com www.allstonvillage.com
Brighton	25,840	9,000 pending	Rosie Hanlon	617.779.9200	rosie@brightonmainstreets.org www.brightonmainstreets.org
Bowdoin / Geneva			Janet Stanley	617.635.0402	jstanley.dnd@ci.boston.ma.us
Centre / South – J.P.	No vacancy	No vacancy	Bree Horwitz	617.522.0300	Centre.south@verizon.net
Chinatown	No vacancy	No vacancy	Winnie Y. Leung	617.350.6303	winnie.leung@verizon.net
Dudley Square	Vacancy	Vacancy	Joyce Stanley	617.541.4644	joyce.stanley2@verizon.net
East Boston	No vacancy	No vacancy	Maria Nigro DeStefano	617.561.1044	ebmainstreets@aol.com
Egleston Square	6,000 pending	600	Natacha Dunker	617.522.7752	mainst@eglestonsquare.net
Fields Corner	Vacancy		Juanita Gallagher	617.474.1432	juanita.Gallagher@hspnetwork.org
Four Corners	19,000	1,500	Shelly Goehring	617.287.1651	Mainstreet4c@juno.com
Grove Hall	New pending	New pending	Charles Smith	617.989.2028	csmith@zooneengland.com
Hyde / Jackson Sq.	4,300	4,300	Valerie Grabel	617.522.3694	mainstreets@hydejackson.org
Hyde Park	1,200	No vacancy	Karen O'Connell	617.361.6964	koconnell@hydeparkmainstreets.com
Mission Hill	9,000	No vacancy	Maggie Cohn	617.427.7399	maggie@missionhillmainstreets.org
Roslindale Village	12,000	1,000	Tom Litke	617.327.4065	tomlitke@roslindale.net
St. Mark's Area	3,700	27,000	Dan Lerner	617.825.3846	office.smams@verizon.net
Upham's Corner	6,000	21,000	Colin Riley	617.265.0363	criley@uphamscorner.org
Washington Gateway	13,000	2,000	Sheila Grove	617.542.1234	wgmainst@quik.com
West Roxbury	28,000	1,000	Bridget Boyle	617.325.6400	wrmsbb@aol.com